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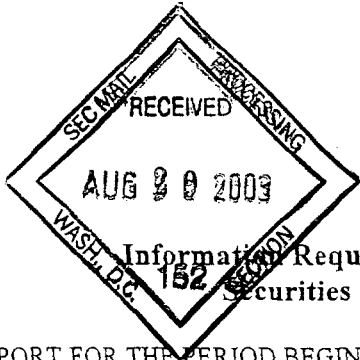


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UNITED  
SECURITIES AND EXC  
Washington,

03051660

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-12525

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING July 1, 2002 AND ENDING June 30, 2003  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: ALEXANDER INVESTMENT SERVICES, CO.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

Barkley Bldg., Suite 303 12700 Shelbyville Rd.

(No. and Street)

Louisville

KY

40243-1599

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Gerald A. Wells

(502) 459-4414

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Buetow, LeMastus & Dick, PLLC

(Name - if individual, state last, first, middle name)

1510 PNC Plaza 500 W. Jefferson St.

Louisville, KY

40202

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**PROCESSED**  
SEP 09 2003

**FOR OFFICIAL USE ONLY**  
THOMSON FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

8698

OATH OR AFFIRMATION

I, David C Dick / Gen'l A. Wall, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Alexander Investment Services, Co., as of June 30, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

none

David Dick  
Signature

Managing Member  
Title  
Bretton LeMaster of Dick PLLC

Cathy E. Shuman  
Notary Public My Comm. expires 3/14/07

met & with  
Partner  
Alex. Inv. Svc.

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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ALEXANDER INVESTMENT SERVICES, CO.

Financial Statements

Years Ended June 30, 2003 and 2002

ALEXANDER INVESTMENT SERVICES, CO.

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	1
Statements of Financial Condition	2
Statements of Operations	3
Statements of Changes in Stockholders' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
Supplementary Information:	
<u>Schedule 1</u>	
Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 of the Securities and Exchange Commission and Statement Regarding Liabilities Subordinated to General Creditors	10
Independent Auditors' Report on Internal Accounting Control Required by SEC Rule 17a-5	11-12



**Buétow, LeMastus & Dick**  
PLLC

Independent Auditors' Report

The Board of Directors  
Alexander Investment Services, Co.:

We have audited the accompanying statements of financial condition of Alexander Investment Services, Co. (the Company) as of June 30, 2003 and 2002, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alexander Investment Services, Co. as of June 30, 2003 and 2002, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Buétow, LeMastus & Dick PLLC*

July 18, 2003

ALEXANDER INVESTMENT SERVICES, CO.

Statements of Financial Condition

June 30, 2003 and 2002

<u>Assets</u>	<u>2003</u>	<u>2002</u>
Current Assets:		
Cash and cash equivalents	\$ 10,780	\$ 42,557
Accounts receivable	54	2,891
Marketable securities, net	40,250	-
Not readily marketable securities, net	-	65,000
Accrued commission	21,838	7,163
Other current assets	<u>28,397</u>	<u>-</u>
Total Current Assets	101,319	117,611
Furniture and equipment, net	9,387	12,508
Security deposit	<u>2,033</u>	<u>2,033</u>
	\$ <u>112,739</u>	\$ <u>132,152</u>
 <u>Liabilities and Stockholders' Equity</u>		
Current Liabilities:		
Accounts payable	\$ 542	\$ 5,470
Accrued expenses	<u>21,689</u>	<u>9,656</u>
Total Current Liabilities	<u>22,231</u>	<u>15,126</u>
Stockholders' Equity:		
Capital stock, common, no par value; Authorized 100,000 shares; issued and outstanding 60,000 shares	1,000	1,000
Additional paid-in capital	68,882	68,882
Treasury stock at cost, 10,000 shares	(78,690)	(78,690)
Retained earnings	<u>99,316</u>	<u>125,834</u>
Total Stockholders' Equity	<u>90,508</u>	<u>117,026</u>
	\$ <u>112,739</u>	\$ <u>132,152</u>

The accompanying notes are an integral part of these financial statements.

ALEXANDER INVESTMENT SERVICES, CO.

Statements of Operations

Years ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Revenues:		
Commissions	\$ 1,788,914	\$ 2,081,190
Retirement plan fees	111,260	83,258
Interest and dividends	919	1,930
Miscellaneous income	<u>50</u>	<u>428</u>
Total Revenues	<u>1,901,143</u>	<u>2,166,806</u>
Expenses:		
Officers' compensation	1,231,039	1,435,904
Salaries, wages and commissions	442,126	485,909
Payroll taxes	19,162	20,204
Insurance	36,098	33,918
Employee retirement plan	23,000	20,000
Advertising	467	360
Depreciation	5,193	18,218
Securities losses	24,750	-
Rent	29,337	40,873
Office supplies	46,273	38,984
Telephone	14,597	14,343
Other expenses	<u>55,619</u>	<u>64,023</u>
Total Expenses	<u>1,927,661</u>	<u>2,172,736</u>
Net Loss	<u>\$ (26,518)</u>	<u>\$ (5,930)</u>

The accompanying notes are an integral part of these financial statements.

ALEXANDER INVESTMENT SERVICES, CO.

Statements of Changes in Stockholders' Equity

Years ended June 30, 2003 and 2002

	<u>Common Stock</u>		Additional	Retained	Treasury	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	paid-in <u>capital</u>	<u>earnings</u>	<u>Stock</u>	
Balances at June 30, 2001	60,000	\$ 1,000	\$ 68,882	\$ 131,764	\$ (78,690)	\$ 122,956
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,930)</u>	<u>-</u>	<u>(5,930)</u>
Balances at June 30, 2002	60,000	1,000	68,882	125,834	(78,690)	117,026
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,518)</u>	<u>-</u>	<u>(26,518)</u>
Balances at June 30, 2003	<u>60,000</u>	<u>\$ 1,000</u>	<u>\$ 68,882</u>	<u>\$ 99,316</u>	<u>\$ (78,690)</u>	<u>\$ 90,508</u>

The accompanying notes are an integral part of these financial statements.



ALEXANDER INVESTMENT SERVICES, CO.

Statements of Cash Flows

Years ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net loss	\$ (26,518)	\$ (5,930)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	5,193	18,218
Marketable securities loss	24,750	-
(Increase) decrease in assets:		
Trade accounts receivable	2,837	(2,131)
Accrued commissions	(14,675)	4,292
Other current assets	(28,397)	21
Security deposit	-	(2,033)
Increase (decrease) in liabilities:		
Accounts payable	(4,928)	5,286
Accrued expenses	<u>12,033</u>	<u>(8,249)</u>
Net cash provided (used) by operating activities	<u>(29,705)</u>	<u>9,474</u>
Cash flows from investing activities:		
Additions to property and equipment	<u>(2,072)</u>	<u>(12,344)</u>
Net decrease in cash and cash equivalents	(31,777)	(2,870)
Cash and cash equivalents at beginning of year	<u>42,557</u>	<u>45,427</u>
Cash and cash equivalents at end of year	\$ <u><u>10,780</u></u>	\$ <u><u>42,557</u></u>

The accompanying notes are an integral part of these financial statements.

ALEXANDER INVESTMENT SERVICES, CO.

Notes to Financial Statements

June 30, 2003 and 2002

(1) Nature of Business

Alexander Investment Services, Co., (the Company) is a financial services firm providing investment services, retirement plan designs and financial advisory and management consulting services to individual and commercial clients. The Company is registered as a broker-dealer with the National Association of Securities Dealers (NASD).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Company are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

(b) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

(c) Marketable Securities

Marketable securities are carried at market value.

(d) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Since 1999, an accelerated method has been used to calculate depreciation. Depreciation in prior years was computed by the straight-line method.

(e) Use of Estimates and Concentration of Credit Risk

Management of the company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(Continued)

ALEXANDER INVESTMENT SERVICES, CO.

Notes to Financial Statements

June 30, 2003 and 2002

(2) Summary of Significant Accounting Policies (Continued)

(e) Use of Estimates and Concentration of Credit Risk (Continued)

The Company maintains its cash at various financial institutions. The balance, at times, may exceed federally insured limits.

(3) Marketable/Not Readily Marketable Securities

Marketable securities include investment securities that are publicly offered and valued on a securities exchange or independent publicly quoted market. At June 30, 2003 and 2002 the Company held common stock with a fair market value of \$40,250 and \$-0-, respectively.

Securities not readily marketable include investment securities (a) for which there is no market on a securities exchange or no independent publicly quoted market, (b) that cannot be publicly offered or sold unless registration has been effected under the Securities Act of 1933, or (c) that cannot be offered or sold because of other arrangements, restrictions, or conditions applicable to the securities or to the Company.

At June 30, 2003 and 2002, not readily marketable securities at estimated fair value were \$-0- and \$65,000, respectively.

(4) Property and Equipment

Property and equipment consist of the following:

	<u>2003</u>	<u>2002</u>
Furniture	\$ 20,453	\$ 20,453
Office equipment	<u>117,379</u>	<u>171,452</u>
	137,832	191,905
Less accumulated depreciation	<u>(128,445)</u>	<u>(179,397)</u>
	<u>\$ 9,387</u>	<u>\$ 12,508</u>

(5) Retirement Plans

The Company offers a Profit Sharing Plan for all eligible employees. The Company's expense of funding this plan was \$23,000 for 2003 and \$20,000 for 2002.

(Continued)

ALEXANDER INVESTMENT SERVICES, CO.

Notes to Financial Statements

June 30, 2003 and 2002

(6) Lease Commitments

The Company leases office space in Louisville, Kentucky under a operating sublease agreement expiring July 31, 2004. The Company also leases office space in Harlan, Kentucky on a month-to-month lease. Rent expense was \$29,337 and \$40,873 for the years ended June 30, 2003 and 2002, respectively.

Future minimum lease payments under the operating lease are as follows:

June 30, 2004	24,392
June 30, 2005	<u>2,033</u>
	<u>\$ 26,425</u>

(7) Net Capital Rule

As a registered broker-dealer, the Company is subject to the uniform net capital rule of the Securities and Exchange Commission and the NASD, which requires that the Company maintain minimum net capital, as defined, of \$25,000 and that aggregate indebtedness as defined by the NASD, shall not exceed fifteen times net capital. The Company may declare dividends or acquire certain non-liquid assets only to the extent of net capital in excess of such requirements.

A computation as of June 30, 2003 and 2002 of the Company's aggregate indebtedness, as defined, and net capital under the uniform net capital rule is as follows:

(Continued)

ALEXANDER INVESTMENT SERVICES, CO.

Notes to Financial Statements

June 30, 2003 and 2002

(7) Net Capital Rule (Continued)

	<u>2003</u>	<u>2002</u>
Aggregate indebtedness	\$ <u>22,231</u>	\$ <u>15,126</u>
Net capital:		
Stockholders' Equity	90,508	117,026
Nonallowable assets:		
Furniture and equipment	(9,387)	(12,508)
Accounts receivable	(54)	(2,891)
Other assets	<u>(5,430)</u>	<u>(2,033)</u>
Net capital	75,637	99,594
Haircuts on securities:		
Money market funds	(41)	-
Other securities	(6,038)	-
Undue concentration	(4,903)	-
Not readily marketable securities	<u>-</u>	<u>(65,000)</u>
Net capital	\$ <u>64,655</u>	\$ <u>34,594</u>
Ratio of aggregate indebtedness to net capital	<u>.3438</u>	<u>.4372</u>

In addition, there are no liabilities subordinated to general creditors as of June 30, 2003 or 2002.

(8) FOCUS Report Reconciliation

There were no material differences between the accompanying financial statements and the financial statements filed by the Company on Securities and Exchange Commission Form X-17a-5 (FOCUS report) as of June 30, 2003 and 2002.

SCHEDULE 1

ALEXANDER INVESTMENT SERVICES, CO.

Computation of Net Capital for Brokers and Dealers  
Pursuant to Rule 15c3-1 of the  
Securities and Exchange Commission  
and  
Statement Regarding Liabilities Subordinated to General Creditors

As of June 30, 2003

As a registered broker-dealer, the Company is subject to the uniform net capital rule of the Securities and Exchange Commission and the NASD, which requires that the Company maintain minimum net capital, as defined, of \$25,000 and that aggregate indebtedness as defined by the NASD, shall not exceed fifteen times net capital. The Company may declare dividends or acquire certain non-liquid assets only to the extent of net capital in excess of such requirements.

A computation as of June 30, 2003 of the Company's aggregate indebtedness, as defined, and net capital under the uniform net capital rule is as follows:

	<u>2003</u>
Aggregate indebtedness	\$ <u>22,231</u>
Net capital:	
Stockholders' Equity	90,508
Nonallowable assets:	
Furniture and equipment	(9,387)
Accounts receivable	(54)
Other assets	<u>(5,430)</u>
Net capital	75,637
Haircuts on securities:	
Money market funds	(41)
Other securities	(6,038)
Undue concentration	<u>(4,903)</u>
Net capital	\$ <u>64,655</u>
Ratio of aggregate indebtedness to net capital	<u>.3438</u>

In addition, there are no liabilities subordinated to general creditors as of June 30, 2003.



## Buetow, LeMastus & Dick PLLC

### Independent Auditors' Report on Internal Accounting Control Required by SEC Rule 17a-5

The Board of Directors  
Alexander Investment Services, Co.:

In planning and performing our audit of the financial statements and supplemental schedules of Alexander Investment Services, Co. (the Company) for the years ended June 30, 2003 and June 30, 2002, we considered its internal control structure, including control activities for safeguarding securities in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at June 30, 2003 and 2002 to meet the SEC's objectives.

\* \* \* \* \*

This report is intended solely for the information and use of the Board of Directors, management, the SEC, NASD Regulation, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Bretton, LeMaster & White PLLC*

July 18, 2003